

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 COME-00 EB-11 FRB-03 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01

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R 171355Z JUL 74

FM AMCONSUL LUANDA

TO SECSTATE WASHDC 2773

INFO AMEMBASSY LISBON

AMCONSUL LOURENCO MARQUES

CINCLANT NORFOLK VA

C O N F I D E N T I A L LUANDA 0557

E.O. 11652: GDS

TAGS: ECON AO

SUBJECT: ECONOMIC PARALIZATION THREATENS

CINCLANT FOR POLAD

1. EVEN BEFORE WEEK'S EVENTS INTERFERED WITH NORMAL ECONOMIC ACTIVITY IN LUANDA, ANGOLA WAS HEADED FOR ECONOMIC TROUBLE. IN CONTRAST TO OTHER PORTUGUESE AFRICAN TERRITORIES, ANGOLA HAS ALMOST SUPERFLUOUS WEALTH, BUT LACK OF GOVERNMENT DIRECTION FOR ALMOST THREE MONTHS IS NOW BEGINNING TO TAKE ITS TOLL WITH ECONOMIC PARALIZATION A POSSIBILITY.

2. WORST HIT ARE ANGOLA'S KEY EXPORTS, AFFECTED BY CONTINUING SLOWDOWN AT PORT WHERE WORKERS HAVE REFUSED TO WORK BEYOND 0800-1700. AS RESULT WAITING SHIPS ARE NOW CLOGGING BADLY.

3. GOVERNMENT UNABLE OR UNWILLING TO OPERATE PORT AROUND THE CLOCK AS DEMANDED BY INDUSTRY. STEVEDORES REPORTEDLY TRIED IT FOR A FEW

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DAYS (WITH DOUBLE TIME AFTER 1700 HOURS) BUT DECIDED NOT TO

CONTINUE. JUST AS EXPORTS ARE AFFECTED BY PORT PROBLEMS (WITH SERIOUS EXCHANGE IMPLICATIONS) SO ARE IMPORTS. ALREADY THERE ARE REPORTS REACHING LUANDA OF RISING TEMPERS IN INTERIOR CITIES WHERE BLACKS, WHO HAVE GOTTEN BIG RAISES, FIND NOTHING TO BUY, AND ARE THREATENING TO DESTROY ESTABLISHMENTS WHERE SHELVES ARE NOW BARE. (DEMAND FOR BEER IN COUNTRYSIDE, FOR EXAMPLE, HAS FAR OUT-STRIPPED PRODUCTION DISTRIBUTION CAPACITY).

4. FAILURE OF GOVERNMENT TO APPOINT ECONOMIC SECRETARY IS SYMPTOMATIC OF PROBLEM: GOVERNMENT APPEARS IMMOBILIZED IN ALL AREAS OF ACTIVITY. MANUFACTURERS COMPLAIN THEY CANNOT OBTAIN OR RENEW LICENSES.

5. THESE CIRCUMSTANCES, AND EVENTS OF PAST WEEK, IN WHICH AUTHORITIES HAVE SHOWN THEMSELVES TO BE (AS DESCRIBED BY A PROMINENT ANGOLAN BUSINESSMAN) "CRIMINALLY INCOMPETENT" HAVE SPARKED SUDDEN, SERIOUS COLLAPSE OF MORALE AMONG THOSE WHO MANAGE ANGOLA'S HERETOFORE BURGEONING ECONOMY. ONE KEY FACT IS THAT ECONOMIC SECTOR IS ITSELF LEADERLESS, AND ECONOMIC ASSOCIATIONS OF PRE-APRIL 25 DAYS (THEN ERRONEOUSLY THOUGHT OF AS REPRESENTING POTENTIAL NUCLEI FOR EVENTUAL UDI) HAVE DISINTEGRATED UNDER IMPACT OF EVERYMAN FOR HIMSELF PSYCHOLOGY OF ANGOLA'S HIGHLY INDIVIDUALISTIC BUSINESSMEN.

6. THE NEED FOR CENTRALIZED, POSITIVE GOVERNMENT LEADERSHIP IS NOW CLEARLY AS URGENT IN THE ECONOMIC SECTOR AS FOR OVERWHELMING POLITICAL/SECURITY REASONS (LUANDA 0552).

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